

TITLE 10. CALIFORNIA DEPARTMENT OF CORPORATIONS

NOTICE IS HEREBY GIVEN

The Commissioner of Corporations ("Commissioner") proposes to amend Rules under the California Finance Lenders Law (CFLL) (commencing with Financial Code Section 22000) relating to the application for a finance lender or broker's license.

PUBLIC COMMENTS

No public hearing is scheduled. Any interested person or his or her duly authorized representative may request, in writing, a public hearing pursuant to Section 11346.8(a) of the Government Code. The request for hearing must be received by the Department of Corporations' ("Department") contact person designated below no later than 15 days prior to the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Department, addressed to Karen Fong, Office of Law and Legislation, Department of Corporations, 1515 K Street, Suite 200, Sacramento, CA 95814-4052, no later than 5:00 p.m., November 13, 2006. Written comments may also be sent to Karen Fong (1) via electronic mail at regulations@corp.ca.gov or (2) via fax at (916) 322-5875. If this day is a Saturday, Sunday or state holiday, the comment period will close at 5 p.m. on the next business day.

INFORMATIVE DIGEST/PLAIN ENGLISH OVERVIEW

Under the CFLL, the Department licenses and regulates finance lenders and brokers conducting business in this state. The CFLL provides that no person shall engage in the business of a finance lender or broker without obtaining a license from the Commissioner (Financial Code Section 22100). The Department's "Application for a License Under the California Finance Lenders Law" (Application) is contained in the rules. This form is used by applicants seeking to become licensed as finance lenders or brokers. The Department's "Short Form Application" (Short Form) is also contained in the rules. The Short Form is used by applicants holding one or more CFLL licenses seeking to open a new location.

This regulatory action proposes to amend the Application and the Short Form by requiring consistent information from an applicant, regardless of the applicant's form of business; to clarify the information being requested in the Application and Short Form; and to comply with changes regarding the processing of fingerprints resulting from Senate Bill 970 (Chapter 470, Statutes of 2003), Assembly Bill 502 (Chapter 425, Statutes of 2005) and Assembly Bill 1419 (Chapter 196, Statutes of 2005).

Section 1422

Requires all types of applicants to provide uniform identifying information, requires the applicant to provide fingerprint information to the Department and to pay for the costs of processing the fingerprints, deletes application processing time frames, and makes various nonsubstantive changes to grammar, editing, and punctuation.

Section 1423

Sets forth changes to clarify the instructions and requirements of the Short Form.

AUTHORITY

Section 22150, Financial Code.

REFERENCE

Sections 22101, 22102 and 22106, Financial Code.

AVAILABILITY OF MODIFIED TEXT

The text of any modified regulation, unless the modification is only non-substantial or solely grammatical in nature, will be made available to the public at least 15 days prior to the date the Department adopts the regulation(s). A request for a copy of any modified regulation(s) should be addressed to the contact person designated below. The Commissioner will accept written comments on the modified regulation(s) for 15 days after the date on which they are made available. The Commissioner may thereafter adopt, amend or repeal the foregoing proposal substantially as set forth above without further notice.

AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS/INTERNET ACCESS

The express terms of the proposed action may be obtained upon request from any office of the Department. Request Document PRO 21/05-B. An initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available from the contact person designated below. Request Document PRO 21/05-C. These documents are also available at the Department's website www.corp.ca.gov. As required by the Administrative Procedure Act, the Office of Law and Regulations maintains the rulemaking file. The rulemaking file is available for public inspection at the Department of Corporations, Office of Law and Legislation, 1515 K Street, Suite 200, Sacramento, California 95814-4052.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, the Final Statement of Reasons will be available and copies may be requested from the contact person named in this notice or may be accessed on the website listed above.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Department must determine that no reasonable alternative it considered or that has otherwise been identified and brought to the attention of the Department would be more

effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

FISCAL IMPACT

- Cost or Savings to any State Agency: None.
- Direct or Indirect Costs or Savings in Federal Funding to the State: None.
- Cost to Local Agencies and School Districts Required to be Reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code: None
- Other nondiscretionary costs/savings imposed on local agencies: None
- Costs to Private Persons or Businesses Directly Affected: Insignificant or none.

DETERMINATIONS

The Commissioner has made an initial determination that the proposed regulatory action:

- Does not affect small businesses. Finance lenders are not considered a small business under Government Code Section 11342(h)(2).
- Does not affect small businesses. Small businesses will not be required to comply with or enforce the proposed regulation. The Department has determined that small businesses will neither derive a benefit from nor incur a detriment from the enforcement of the proposed regulation.
- Does not impose a mandate on local agencies or school districts, or a mandate that is required to be reimbursed pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.
- Does not have an effect on housing costs.
- Does not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.
- Does not significantly affect (1) the creation or elimination of jobs within the State of California; (2) the creation of new businesses or the elimination of existing businesses within the State of California; (3) the expansion of businesses currently doing business within the State of California.

COST IMPACTS ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS

The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

EFFECT ON SMALL BUSINESS

None.

CONTACT PERSON

Nonsubstantive inquiries concerning this action, such as requests for copies of the proposed regulation or questions regarding the timelines or rulemaking status, may be directed to Karen Fong at (916) 322-3553. Inquiries regarding the substance of the proposed regulation may be directed to Peggy Fairman, Corporations Counsel, Department of Corporations, 1515 K Street, Suite 200, Sacramento, California 95814, (916) 322-3553.

Dated: September 1, 2006
Sacramento, California

TIMOTHY L. Le BAS
Deputy Commissioner and General Counsel
Office Law and Legislation